

REMARKSClaim Status:

After entry of the foregoing amendment, claims 21-27 remain pending in the application. Claims 17-20 are canceled without prejudice to the subject matter recited therein. Indeed, we expressly reserve the right to present the subject matter of the canceled claims in one or more continuing applications. We also expressly traverse the rejections of these claims set forth in the Office Action.

The claims are amended to recite a handheld cell phone per the Examiner's helpful suggestion.

Specification Support:

The Examiner asked about the term "in-band" during our September 30, 2008 interview. Page 1, lines 21-23, of the application states: "Much work has been done in recent years in the field of video watermarking – the science of conveying data through slight changes to the video information presented to the viewer ("in-band")". Thus, the application defines watermarking as an in-band (e.g., in video picture elements) data conveying technique. The various watermarking techniques discussed in the 6,947,571 and 6,122,403 patents are, thus, applicable to the claimed watermarking.

Support for the term "mask" can be found in the specification at, e.g., page 3, lines 3-8. The terms "or hide" are added for even more clarification.

Conclusion:

We respectfully request allowance of the pending claims. In the meantime, the Examiner is invited to contact the undersigned with any questions.

Respectfully submitted,

Date: December 15, 2008

DIGIMARC CORPORATION

Customer Number 23735

Phone: 503-469-4685

By: /Steven W. Stewart, Reg. No. 45,133/

FAX: 503-469-4777

Steven W. Stewart

Registration No. 45,133